

1. Can you please post minutes for meetings 13 and 14 (nov 2021). (See my previous email requests).

A: We anticipate outstanding minutes being available next week.

2. Which agency and or deputy mayor's office beyond EDC at City Hall is negotiating the PILOTs? Is the Deputy Mayor for economic development leading the negotiations? What are the areas of contention and why is the negotiation taking so long?

A: ESD has been engaged in productive discussions since January 2022 with the Adams administration, primarily with the Office of the Deputy Mayor of Economic Development and NYCEDC. The goal is an agreement on financial terms, including use of PILOT, that would inform all future site-specific development agreements.

3. What are the issues in the PILOT negotiations that still need to get resolved?

A: The financial terms are interconnected, so the agreement is being discussed holistically.

4. Are you still pursuing the sky bridge?

A: The potential sky concourse over Plaza 33 would require approval by the City, including a revocable consent from NYC DOT, and would not be determined as part of the GPP. Per the Design Guidelines, if approved by the City in the future, it would have to be accessible to the public.

5. In a comment, Holly Leicht mentioned that the PILOTs would not be out of sync with the rest of Midtown. That suggests the PILOTs will be valued as Hudson Yards. Is that correct?

A: Specifics are still under discussion, but as stated, ESD anticipates that PILOT paid in the GPP area would be comparable to other PILOT and property taxes in the Midtown West area.

6. The risk in the financing scheme will be borne by the state. Have you evaluated this risk? How much will it cost the state to enhance the bond rating? The plan cannot be approved absent a full understanding of finance enhancement cost.

A: The level and structure of any required credit enhancement mechanisms would be determined at the time that one or more project-specific financings would take place for the Penn reconstruction and expansion projects. Factors that would affect these determinations include, but are not limited to, the allocation of cost sharing among the federal and state parties and the terms and requirements of the specific financing tool(s) selected to pursue, which may differ (e.g., a bond financing may have different requirements than a federal loan).

It is critical to note that in the absence of development-related revenues, the entire cost of the local share for the Penn projects would be borne by the public. A value capture framework is a means to offset some of the public cost by capturing the increased property value generated by private redevelopments.

7. The PILOTs will only cover the 2 Penn (reconstruction & expansion) projects and the public realm. It greatly contradicts previous reports, especially the Ernst & Young Report dated May 2021 in which it states that the project needs to cover \$30-40 as it includes Hudson River Tunnels. Please issue an updated accurate report to dispel the prior misleading inaccuracies.

A: The 2021 cost estimate of \$30-40 billion was not “misleading” – and, in fact, remains an accurate range for the anticipated costs of the Penn reconstruction and expansion, the Hudson Tunnel project, and the GPP public realm and transit improvements. We shared at the CACWG meeting that the City of New York has requested that PILOT not be used to fund New York’s share of the Hudson Tunnel project, a request that is subject to ongoing discussions with the City. Any such limitation on use of PILOT would not, however, eliminate the need for New York State to identify funding for its 25% share of the Hudson Tunnel project – so the State still has to identify how it will fund its share of the overall \$30-40 billion cost of all the projects combined. If PILOT is excluded from the sources available for the Hudson Tunnel project, other sources would be needed to fill the gap.

In addition, as we have stated from the outset of the CACWG process, cost estimates continue to be refined on an ongoing basis. The information provided in May 2021 was based on the best information available at that time. Currently, the estimate for the Penn reconstruction and expansion and GPP improvements is approximately \$20-\$22 billion, as stated at the last CACWG meeting, and these numbers will continue to be refined throughout design of all projects. The cost estimate for the Hudson Tunnel project, which is further along in its design, is currently \$13.4 billion. ESD and/or MTA will provide updated cost estimates as they are determined. We will continue to use a range for the various projects because they are still in the design phase, and costs are affected by many factors such as inflation, supply chain issues and ongoing engineering studies.

8. It is disappointing to hear Peter Matusewitch warn that we may not get 80% federal funding. Instead, he should be asking for everyone’s support in securing as much funding as possible. It is also rather dismissive of Senator Schumer’s engagement in this project. Naomi Renee, of MTA declared at the April 2022 MTA board meeting that the MTA was pursuing 80%. Peter should not be defeatist, and he and MTA should do everything in their power to limit the state financial exposure.

A: MTA will work with NJT and Amtrak to pursue the maximum federal share. The guidelines for some federal opportunities, including the latest Federal/State Partnership program, allow but do not guarantee **up to** 80% federal funding and are subject to program rules that have not yet been published by the federal government. We will keep you posted on this process.

9. Can you please clarify the level of environmental review for the Penn Reconstruction aka Master plan? CatEx?, EAS? Or EIS?

A: This will ultimately be determined by the MTA’s federal partners, but the MTA does not think the project will need a full EIS since construction is within the existing Penn footprint.

10. When will the proposal for Penn Reconstruction be finalized and presented to the public?

A: MTA is working to finalize the project concept with NJT and Amtrak, and we will keep the CACWG informed.

11. Peter Matusewitch presented transit upgrades. He referred to a number of entrances as new easement entrances. A broad number of these entrances already exist. (e.g. entrances 14 & 15). Why do you call existing entrances new entrances?

A: Peter was referring to subway entrances that currently are in the sidewalk and will be relocated to within new buildings. They will be constructed and maintained by the building owners.

12. ESD board of directors is made up of 7 members, there are currently 3 vacancies. Why have these vacancies not been filled?

A: Governor Hochul has nominated candidates to fill two of the three current vacancies on the ESD board, and they await confirmation. The third nominee has yet to be named by the Governor.

13. On Nov 3rd Gov Hochul announced: "And I'm looking forward to bringing together a **Penn stakeholder advisory group** dedicated to this project, to **work with the community every step of the way. I want them to feel engaged that their voices are heard.** Then when we can, we'll take actions to remedy anything, they bring to our attention that we may have overlooked. That's what engagement is all about. It's not a token effort. It's not checking the box. So we created an advisory committee that we deal and move on. It's a whole new day in government as well." We demand that the SAG be community driven. SAG should have representatives from CB4, CB5 as well as the elected officials.

A: Governor Hochul was referring to the broad community of Penn Station users and stakeholders who reside in a service region with a population of well over 20 million. The advisory group will reflect this geographic reach by including customers and stakeholders from throughout the region, including members of the local community around Penn Station.